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C O N F I D E N T I A L SECTION 01 OF 02 HONG KONG 002597

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NSC FOR DENNIS WILDER
DEPARTMENT FOR EAP/CM

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TAGS: [PGOV](#) [PHUM](#) [PREL](#) [PINR](#) [CH](#) [HK](#) [MC](#)
SUBJECT: MACAU LABOR SQUEEZE EXACERBATES POLITICAL TENSIONS

REF: HONG KONG 2157

Classified By: E/P Chief Laurent Charbonnet. Reasons: 1.4(b,d).

11. (C) Summary: A bill to overhaul Macau's outdated labor laws remains stalled in the legislative process. Exacerbated by a politically disengaged public and weak political party structure, labor woes are increasingly straining the livelihood of many Macau citizens. Several thousand Macau citizens took to the streets during a September 30 - October 1 rally in an unusual protest against a mass of grievances. This was the first protest rally in Macau scheduled on the PRC National Day, October 1, since the handover in 1999. End summary.

12. (C) Comment: Following explosive economic growth in recent years, dissatisfaction over working conditions, tensions between imported and local labor, and allegations of public corruption have become politically charged issues in Macau's historically sleepy civil society. In the absence of well developed democratic channels for coherent political debate and accommodation, however, citizens of the Macau Special Administrative Region (MSAR) have increasingly taken up activism, rallies and public protests to compel the MSARG to attend to their concerns. China's central authorities certainly are unenthusiastic about the potential development of a more robust representative system in Macau (Hong Kong's is headache enough) and the director of the Central Government's Liaison Office in Macau told the press China was unworried about the protests, which were Macau's internal affair. We know for a fact, however, that Beijing is increasingly concerned about the MSARG's apparent inability to cope with rising social stresses and the changes wrought by the in-flow of foreign capital. End comment.

Labor Law Languishes in Legislature

13. (SBU) Although Macau's Executive Council completed discussions in April on a bill to overhaul the MSAR's outdated 1989 labor laws, the draft law remains stalled in Macau's sluggish and unassertive legislature. If passed, the new labor law would regulate the importation of non-resident workers to take jobs left unfilled by Macau residents (reftel). Employers seeking to import laborers would be required to get approval from the newly-established Human Resources Office of Macau (HRO) by proving that: (1) resident workers are not available to fill the vacancies; and (2) the importation of laborers would not jeopardize the interests of resident workers. (Note: The HRO was established in May under the Secretary for Economy and Finance. End note.) According to a government information release, the bill contains proposals to better protect both employers and employees. For example, workers who quit their jobs must give more notice than the present seven days. Also, the new

law stipulates overtime compensation for holiday and late-shift work.

Reaching a Political Flashpoint

14. (C) The draft law has not been enacted in part because Macau's various political parties, often referred to as "associations," rarely are able to mobilize and champion effectively the concerns of Macau's politically disengaged public. President Ho Heng Kwok of the Macau Worker's Union (MWU) told us that Macau's grassroots community will not pay any attention to the draft labor law until it passes, adding that many citizens do not trust the Legislative Assembly (LA), where only 12 of 29 legislators are directly elected, and also regard the LA-government public consultation process as inadequate.

15. (C) This lack of established channels for political debate exacerbates the rise of social tensions in Macau. Political activist Antonio Ng's New Macau Association, operating on a shoestring budget, has had some success in taking on the Macau government on complex social issues facing Macau today and, according to many observers, is the only effective voice challenging Macau government policies.

Grassroots or Bust

16. (C) Instead, Macau's citizens are increasingly using demonstrations to supplant the territory's shallow political system. Several thousand Macau citizens took part in protests spanning September 30 and October 1 to voice concerns over the MSAR's new Road Traffic Law, which took

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effect on October 1, as well as corruption, education reform, illegal labor, and other social woes. The peaceful demonstrations, organized by members of the Macau Workers Union, highlighted the increased willingness of Macau's citizens to try to force the government to hear their concerns. "The Macau Post Daily" reported that one teacher claimed to have joined the march alongside his colleagues because they had "no other channel to express their opinions." The teachers took part largely to express dissatisfaction over insufficient consultation between the government and teacher associations when the government considered new education policies. Chief Executive Edmund Ho, while speaking at a National Day reception following the two days of protests, said that Macau needed to develop its economy in order to improve Macau's "first priority" -- the livelihood of its citizens. Bai Zhijian, Director of the Liaison Office of the Central People's Government in Macau, reportedly denied having any concerns over the protests and stated that these were Macau's own affairs. However, the "South China Morning Post" speculated that Macau's Chief Executive, Edmund Ho, was summoned the day after the protests to Shanghai (during the Special Olympics) to meet with President Hu Jintao and report on Macau's social problems.

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